

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 /088 W

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R 032325Z JUL 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8709

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E.O. 11652: N/A

TAGS: BEXP, ENRG, ELEC, EMAE, MX

SUBJECT: CFE HYDROELECTRIC PROJECTS

REF: STATE 132791; MEXICO 5149; STATE 147700

1. ERIC WITSCHY, MANAGER, ALEX SAITCEVSKY, SALES DIRECTOR, BOTH OF ALLIS CHALMERS MEXICO, AND ARCHIBALD SPEARS, ALLIS CHALMERS U.S., CALLED ON COMMERCIAL COUNSELOR AND ATTACHE TO BRING UP TO DATE INFORMATION ON CFE PURCHASING PLANS. EMBASSY MEETING WITH FARELL WAS DISCUSSED AND A-C REPS STATED THEY WERE TO MEET NEXT DAY WITH FARELL TO PRESENT THEIR POSITION. SPEARS FAVORED AGGRESSIVE APPROACH, MEETING PROBLEM HEAD ON, SINCE IN PRIOR MEETINGS FARELL HAD EXPRESSED SATISFACTION WITH A-C EQUIPMENT. DISCUSSION WAS MAINLY ON PLAN OF ACTION TO BE PURSUED.

2. SUBSEQUENT TO FARELL MEETING TWO MEXICAN REPS OF ALLIS CHALMERS AGAIN CALLED AT EMBASSY TO GIVE DETAILS. FARELL, WHILE NOT EFFUSIVE, WAS NOT UNFRIENDLY, TELLING THEM THAT A-C EQUIPMENT WAS CONSIDERED OF HIGH QUALITY AND WOULD BE CONSIDERED IN BIDDING. HE STATED THAT HE HAD RECENTLY MET WITH PRESIDENT OF ASEA OF SWEDEN DURING VISIT OF

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SWEDISH PRIME MINISTER AND THAT AT MOMENT SPECIFICATIONS

WOULD BE SENT ONLY TO RUSSIANS, ALLIS CHALMERS AND ASEA, BUT THAT IT IS UNDERSTOOD THAT BEST TERMS WOULD DECIDE BIDDING AND INDICATING THAT RUSSIANS HAD ALREADY OFFERED 10 YEARS AT 3 PERCENT. HE SEEMED ADAMANT ON THIS POINT. HE GAVE AS TIME FOR BIDS ONE MONTH FROM DATE OF RECEIPT OF SPECIFICATIONS, REQUIREMENT A-C FOUND TO BE COMPLETELY UNACCEPTABLE SINCE THEY WOULD NEED TWO MONTHS AS A MINIMUM THIS MAY MEAN THAT A-C WILL NOT QUOTE FARELL STATED AIRILY THAT CFE WORKS 24 HOURS - SO A-C COULD DO LIKEWISE. HE ALSO STATED ENIGMATICALLY THAT ALL BIDDING WOULD BE

NEGOTIATED AND DECIDED BY HIM AND THE SECRETARY OF NATIONAL PROPERTIES. SINCE FARELL IS LAWYER AND SECRETARY AN ECONOMIST, ABILITY OF EITHER TO JUDGE SUCH A TECHNICAL PROJECT AS THIS IS COMPLETELY RIDICULOUS.

3. NO MENTION WAS MADE OF FARELL'S PHEJECTED TRIP TO RUSSIA. SOURCES HAVE STATED THAT HIS TRIP WAS PUT OFF DUE TO VISIT OF SWEDISH PRIME MINISTER. OTHERS CLAIM THAT THIS WAS JUST BLUFF AND BROUGHT UP DURING EMBOFFS VISIT IN MOMENT OF PIQUE. FARELL IS STILL IN MEXICO WITH NO APPARENT PLANS TO TRAVEL.

4. OTHER INFORMATION PERTINENT TO CFE PROJECTS IS THAT CHARLES ROBBINS, PAST PRESIDENT OF ATOMIC INDUSTRIAL FORUM, NEW YORK CITY, CALLED ON ENGINEER ODON DE BUEN LOZANO, SUBDIRECTOR GENERAL OF CFE, WHO STATED HE IS GOING TO U.S. IN EARLY JULY TO NEGOTIATE CONTRACT WITH EBASCO SERVICES (OWNED BY BROWN AND ROOT) TO SUPERVISE NUCLEAR PROJECT BEING CARRIED OUT BY BURNS AND ROE.

5. EMBASSY WILL REPORT ANY SIGNIFICANT DEVELOPMENTS.
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